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UNCLAS ABUJA 003138

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SUBJECT: FATF UPDATE: NATIONAL ASSEMBLY MOVES ON LEGISLATION

REF: ABUJA 2875 AND PREVIOUS

1. Ambassador Jeter and RNLEO called on Deputy Speaker of the House of Representatives Chidubom Nwuche (PDP-Rivers State) November 15 to underscore the need for money laundering legislation prior to a December 15 deadline imposed by the Financial Action Task Force (FATF) at its October 9-11 meeting in Paris.

2. The Ambassador emphasized the real threat of "counter-measures" to be imposed after December 15 if the GON fails to pass key money laundering legislation identified by the FATF. He described the adverse effect these sanctions will have on the Nigerian financial sector, the economy, and ultimately the Nigerian public.

3. Nwuche responded positively, agreeing that the situation is serious. He reported to the Ambassador that the House is ready to act on the draft Financial Crimes Commission (FCC) Act sent to the National Assembly last month by the Presidency. Before it can act, however, the House must have the bill gazetted by the National Assembly's print shop in Lagos. The FCC bill was sent to Lagos two days ago and should be gazetted and ready for its first and second readings by the middle of next week, the Deputy Speaker claimed.

4. Ambassador Jeter clarified that there are three pieces of money laundering legislation awaiting the Assembly's urgent passage -- the Financial Crimes Commission (FCC) Act and amendments to the 1995 Money Laundering and 1991 Banking and Other Financial Institutions (BOFI) Acts. Nwuche then noted that the two amendments would be far easier to pass since they modify existing law while the Financial Crimes Commission Act would require extensive review to ensure it does not conflict with existing laws. The Deputy Speaker asked if the passage of the two amendments would be sufficient to forestall the FATF sanctions. Jeter responded that these are the most important legislative reforms as they broaden the scope of money laundering beyond solely drug trafficking proceeds and therefore should be enough to satisfy the FATF, though passage of the FCC bill is still desired and would demonstrate even further Nigeria's commitment to combat money laundering and other financial crimes.

5. Comment: Nwuche had called the press corps for the meeting, which the Ambassador obliged by giving a statement before asking that the press depart the Deputy Speaker's office. In that press statement, which will likely be given extensive local coverage, the Ambassador underscored the need for rapid GON movement on the money laundering legislation prior to December 15 and outlined some of the possible consequences if that legislation is not enacted. Nwuche appears sincere in his stated commitment to getting the requisite legislation -- which we understand is the Money Laundering Act amendment -- passed within the next 30 days.

JETER